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AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
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TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo 
Auditor-Controller

SUBJECT: **COMMUNITY AND SENIOR SERVICES – FISCAL MONITORING OF
AREA AGENCY ON AGING PROGRAM SERVICES FOR FISCAL YEAR
2014-15**

Community and Senior Services (CSS) contracts with 41 cities and community based non-profit organizations (service providers) to provide Area Agency on Aging (AAA) Program services. AAA Program services include meals, legal assistance, health insurance counseling, housekeeping, and personal care for older and functionally impaired adults.

CSS' AAA contracts are either fee-for-service or cost-reimbursement agreements depending on the services provided. At the request of CSS, we contracted with two Certified Public Accounting firms, Simpson & Simpson, LLP and MR Grant, CPA (Monitors), to conduct fiscal monitoring of 39 of the 41 service providers that had contracts with CSS during Fiscal Year (FY) 2014-15. CSS awarded approximately \$16 million to the 39 service providers reviewed by the Monitors during the year. The remaining two service providers (Human Services Association and Oldtimers Foundation) were awarded approximately \$4.5 million during the year and were reviewed by the Auditor-Controller at CSS' request.

Review Summary

As indicated in the attached schedule, the Monitors identified approximately \$293,000 in questioned costs billed to CSS. For example, the Monitors noted:

- \$167,331 in payroll expenditures that were not adequately supported with their timesheets and personnel records.
- \$73,332 in program expenditures that were not supported with their invoices or other documentation.
- \$39,630 in FY 2013-14 Close-Out Program expenditures that were not supported with their general ledger or any other financial records.

In addition, some AAA Program service providers did not always comply with all AAA and County contract requirements. For example, of the 39 service providers reviewed:

- Thirteen (33%) did not provide adequate documentation, such as volunteers' timesheets and office space calculations, to support their reported amount of \$111,063 in In-Kind Matching Contribution as required.
- Twelve (31%) did not prepare their bank reconciliations and/or resolve outstanding checks timely.
- Eleven (28%) did not comply with insurance requirements.

The questioned costs for each service provider and contract compliance issues noted in the reviews are detailed in the Attachment.

Review of Report

The Monitors provided and discussed each report with CSS and each service provider. CSS management indicated that they will resolve the questioned costs and contract compliance issues in accordance with their Resolution Procedures Directive.

Due to the number of reviews, copies of individual reports are not enclosed; however, they are available for your review upon request. If you have any questions please call me, or your staff may contact Aggie Alonso at (213) 253-0304.

JN:AB:PH:AA:YP:sk

Attachment

c: Sachi A. Hamai, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Public Information Office
Audit Committee

**COMMUNITY AND SENIOR SERVICES
FISCAL MONITORING OF AREA AGENCY ON AGING SERVICE PROVIDERS
FISCAL YEAR 2014-15**

	Service Provider	Contract Amount	Questioned Costs	A	B	C	D	E	In-Kind Contribution	F	G	H	I	J
1	AltaMed, Inc.	\$ 96,409	\$ 7,393	\$ 4,146			\$ 3,247		\$ 1,875 (2)				X	
2	Alzheimer's Association	\$ 83,314	\$ -											
3	Armenian Relief Society, Inc.	\$ 52,059	\$ 68			\$ 68							X	
4	Avalon Medical Development Corporation	\$ 44,486	\$ 76,944 (1)	\$ 5,178	\$ 32,136			\$ 39,630	\$ 2,248 (2)					
5	Bet Tzedek Legal Services	\$ 382,434	\$ 750				\$ 750		\$ 6,611 (2)			X		
6	Center for Health Care Rights	\$ 1,193,220	\$ 21,078	\$ 21,078							X	X		
7	Chinatown Service Center	\$ 455,541	\$ 449		\$ 202	\$ 248			\$ 1,418 (2)		X			
8	City of Alhambra	\$ 52,059	\$ 149	\$ 149					\$ 2,322 (2)	X	X	X		
9	City of Azusa	\$ 147,798	\$ 266			\$ 266				X				
10	City of Burbank	\$ 349,071	\$ -											
11	City of Claremont	\$ 107,000	\$ -											
12	City of Culver City	\$ 183,865	\$ -											
13	City of El Monte	\$ 165,299	\$ 9			\$ 9				X	X	X		
14	City of Gardena	\$ 432,263	\$ 4,839			\$ 4,369	\$ 470				X		X	
15	City of Glendale	\$ 311,430	\$ 140			\$ 140			\$ 1,048 (2)	X	X			
16	City of Inglewood	\$ 709,097	\$ 15,305	\$ 15,300		\$ 5			\$ 58,214 (2)	X	X		X	
17	City of Norwalk	\$ 54,389	\$ 122			\$ 122								
18	City of Pomona	\$ 164,043	\$ 6			\$ 6								
19	City of San Fernando	\$ 96,820	\$ -							X			X	
20	City of South El Monte	\$ 162,852	\$ 10			\$ 10				X				
21	City of West Covina	\$ 166,896	\$ -							X				
22	Consulting Nutritional Services, Inc.	\$ 448,105	\$ 24,464		\$ 24,464								X	
23	Food and Nutrition Management Services, Inc.	\$ 692,366	\$ 1,758	\$ 1,758					\$ 998 (2)					
24	Grandparents as Parents, Inc.	\$ 144,772	\$ -											X
25	Heritage Clinic and the Community Assistance Program for Seniors	\$ 52,059	\$ 12,415	\$ 12,415						X				

**COMMUNITY AND SENIOR SERVICES
FISCAL MONITORING OF AREA AGENCY ON AGING SERVICE PROVIDERS
FISCAL YEAR 2014-15**

	Service Provider	Contract Amount	Questioned Costs	A	B	C	D	E	In-Kind Contribution	F	G	H	I	J
26	Jewish Family Service of Los Angeles	\$ 507,074	\$ 2,100			\$ 148	\$ 1,952		\$ 2,287 (2)			X		
27	Just Rite Community Programs, Inc.	\$ 177,902	\$ -						\$ 12,890 (2)					
28	Office of Samoan Affairs	\$ 52,059	\$ -						\$ 1,176 (2)					
29	Santa Anita Family Services	\$ 770,475	\$ 76,763	\$ 76,002		\$ 761				X				
30	Santa Clarita Valley Committee on Aging Corporation	\$ 970,731	\$ 22,717	\$ 22,717						X	X			
31	Senior Care Action Network Health Plan	\$ 406,908	\$ -											
32	Southeast Area Social Services Funding Authority	\$ 890,137	\$ 2,882		\$ 2,882									
33	Special Service for Groups, Inc.	\$ 397,213	\$ 8,465		\$ 8,438	\$ 27			\$ 6,637 (2)					
34	St. Joseph Center	\$ 18,100	\$ 2,544	\$ 2,544										
35	University of Southern California	\$ 227,122	\$ 5,350	\$ 5,350										
36	Watts Labor Community Action Committee	\$ 44,485	\$ -								X			
37	Wise and Healthy Aging	\$ 862,917	\$ -								X			
38	YMCA of Metropolitan Los Angeles/Torrance	\$ 216,094	\$ -						\$ 13,338 (2)			X		
39	YWCA of San Gabriel Valley	\$ 3,737,835	\$ 5,906	\$ 696	\$ 5,210					X	X	X		
TOTAL (3)		\$ 16,026,699	\$ 292,891	\$ 167,331	\$ 73,332	\$ 6,178	\$ 6,419	\$ 39,630	\$ 111,063	12	11	7	6	1

Footnotes

- A Payroll expenditures were not adequately supported with their timesheets and personnel records.
- B Program expenditures were not supported with their invoices or other documentation.
- C Units of Service were billed without documentation.
- D Expenditures were without adequately supported allocation methodologies.
- E Fiscal Year (FY) 2013-14 Close-Out Program expenditures were not supported with their general ledger or any other financial records.
- F Twelve (31%) service providers did not prepare their bank reconciliations and/or resolve outstanding checks timely.
- G Eleven (28%) service providers did not comply with insurance requirements.
- H Seven (18%) service providers did not submit invoices to Community and Senior Services timely.
- I Six (15%) service providers did not report all required information correctly or provide adequate documentation to support the reported information.
- J One (3%) service provider did not maintain adequate segregation of duties in cash handling.
- (1) The amount of questioned costs exceeds the FY 2014-15 contract amount due to FY 2013-14 Close-Out Program expenditures that were not supported with their general ledger or the Certification of Program Income Disclosure form.
- (2) Thirteen (33%) service providers did not provide adequate documentation, such as volunteers' timesheets and office space calculations, to support their reported amount of \$111,063 in In-Kind Matching Contribution. In-Kind Matching Contribution were not included in the questioned costs because Area Agency on Aging funds were not used.
- (3) Does not include the total questioned costs identified for Human Services Association, with its contract amount of approximately \$2.6 million, and Oldtimers Foundation, with its contract amount of approximately \$1.9 million.